weekly economic review

October 26, 2012

Average Weekly Earnings

Alberta earnings edge back from July's elevated reading

Average weekly earnings in Alberta dipped 0.4% in August. However, the decline only partly offsets a 2.0% spike in earnings in July. On a year-over-year basis earnings grew 3.2%, a deceleration from the 5.5% pace in July but well ahead of August's 1.0% consumer price inflation rate. The strongest gains were seen in oil and gas (8.1%) and finance and insurance (9.4%). Alberta employees earned an average of $1,084 per week in August, $177 higher than the national average.

Nationally, average weekly earnings posted a strong gain, rising 0.4% from July and 3.6% over August 2011.

Retail Sales

Retail sales boosted by spending on vehicles and gasoline

Alberta retail sales reached a new high in August, supported by the province's strong labour market and its rapidly growing population. August sales were up 0.4% to $5.8 billion. When compared with August 2011, retail sales are up an impressive 8.1%, led by sharply higher purchases of vehicles and gasoline. On a year-to-date basis, Alberta continues to lead the country at a 8.9% growth rate.

Canadian retail sales increased 0.3% in August to $39.1 billion, boosted by higher prices for food and gasoline, according to Statistics Canada. However, removing the impact of higher prices, the volume of national sales actually fell by 0.3%.

Bank of Canada

Policy rate remains unchanged

On Tuesday, the Bank of Canada held its target for the overnight rate unchanged at 1.0%. The Bank changed the wording in its press release, adding that it will now consider "imbalances in the household sector" in determining the direction of monetary policy. Many market participants interpreted this as a sign that the Bank intended to raise rates in order to dissuade households from adding to its record high debt levels. However, Bank Governor Mark Carney noted that a rate hike was now "less imminent" than before due to global headwinds.

Monetary Policy Report

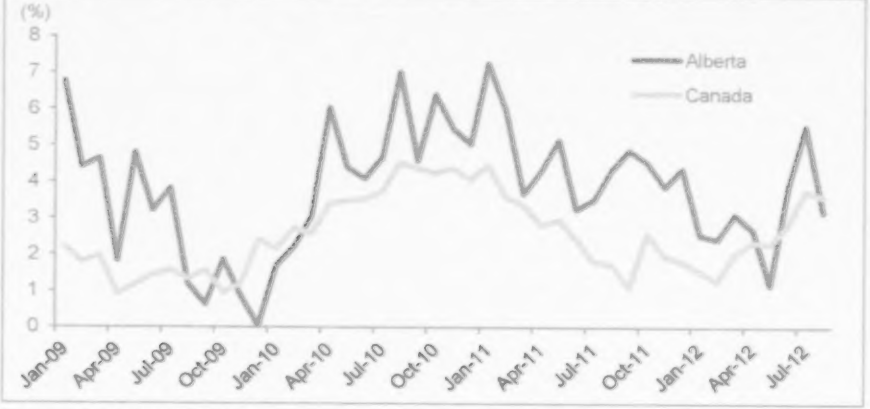
On Wednesday, the Bank of Canada published the Monetary Policy Report (MPR) with its latest outlook for Canada and the rest of the world. The Bank expects Canadian real GDP growth to be 2.2% percent in 2012, picking up to 2.3% in 2013. The Bank's forecast for 2012 third quarter GDP growth was revised down from 2.0% to 1.0% citing disruptions in energy supply. Core inflation surprised on the downside in the third quarter, coming in at 1.5% compared to the 1.9% expected in the July MPR.

US GDP

Good, but not great

The US economy expanded by 2.0% (quarterly at annual rates) in the third quarter a hair above the consensus forecast of 1.9%. An acceleration in consumer spending and a spike in national defense spending were among the main drivers of the expansion. Business investment in structures and net exports were a drag on growth in the third quarter.

Average Weekly Earnings (year-over-year % change)



Source: Statistics Canada

Closing Prices	October 18,2012	October 25,2012	2012–13 Fiscal YTD
Canadian Dollar (US$/$CAN)	101.06	100.56	99.04
WTI Oil ($US/bbl)	$90.16	$86.05	$92.46
NYMEX Natural Gas ($ US/MMBtu)	$3.59	$3.43	$2.73

Alberta Economic Indicators[1]

Population	2010	2011	2012YTD	Apr	May	Jun	Jul	Aug	Sep
Population[2] (000's)	3,724	3,778	3,874	3,843	..	..	3,874	..	..
% change	1.4	1.5	2.5	2.3	..	..	2.5	..	..
Net Interprovincial Migration[3] (net)	-3,271	8,443	28,170	11,726	..	..	8,543	..	..
Net International Migration[3] (net)	24,100	16,700	37,990	9,609	..	..	14,580	..	..
Net Non-permanent Residents[3] (net)	14	7,694	9,721	445	..	..	5,244	..	..
Labour Market									
Employment (000's), SA	2,017	2,094	2,144	2,143	2,153	2,144	2,150	2,154	2,164
% change	0.4	3.8	2.9	3.0	4.1	3.7	2.2	2.1	1.8
Unemployment Rate (%), SA	6.5	5.4	4.7	4.9	4.5	4.6	4.6	4.4	4.4
Participation Rate (%), SA	72.9	73.7	73.6	73.9	73.7	73.7	73.7	73.5	73.1
NEW: Average Weekly Earnings ($), SA	993.28	1,038.60	1,065.06	1,058.43	1,068.07	1,068.06	1,068.90	1,064.16	..
% change	4.6	4.6	2.1	2.7	1.2	3.0	0.5	1.2	..
Price Indices									
Consumer Price Index	1.9	2.4	1.4	0.8	0.4	1.1	0.9	1.0	1.4
Excluding food and energy	0.8	0.8	1.4	2.1	1.5	1.6	1.4	1.4	1.1
Non-Res. Building Const. Price Index[4]	0.1	3.4	4.3	..	..	4.1	..	..	..
Farm Product Price Index	-1.8	17.4	6.3	3.6	7.1	8	..	..	..
Crops	-9.6	18.0	2.1	3.6	3.2	1.4	..	..	..
Livestock	5.2	16.8	9.6	3.4	9	12.8	..	..	..
Household Sector									
Housing Starts (CMHC) (000's)	27.1	25.7	33.0	29.8	35.7	33.9	33.4	34.4	31.4
% change	33.5	-5.1	38.9	37.5	38.1	45.5	31.9	6.2	36.2
New Housing Price Index[4]	0.5	0.4	1.6	1.2	1.0	1.2	1.6	1.6	..
Edmonton	-0.8	0.9	0.0	1.3	1.1	0.8	0.8	0.9	..
Calgary	1.7	0.1	1.1	0.9	0.8	1.7	2.3	2.4	..
MLS Average Resale Price ($,000's)	350.9	352.7	360.0	362.5	365.5	368.5	365.1	363.9	360.2
% change	3.1	0.5	1.8	1.3	3.9	2.7	3.2	3.6	0.8
Edmonton ($,000's)	326.5	324.2	331.4	337.3	339.7	339.2	331.8	334.0	332.9
% change	2.3	-0.7	2.3	3.3	4.0	3.7	1.2	2.9	2.7
Calgary ($,000's)	397.4	401.9	406.6	408.0	413.3	410.2	411.5	410.0	408.3
% change	3.4	1.1	0.8	1.3	2.4	2.0	3.1	1.8	-0.4
NEW: Retail Sales, SA	6.0	6.9	8.9	7.8	8.6	7.1	9.4	8.1	..
New Motor Vehicle Sales	9.5	9.6	12.4	11.1	22.6	15.6	10.8	9.7	..
Consumer Bankruptcies (level)	8,150	7,029	3,629	523	515	484	459	..	..
% change	-16.4	-13.8	-16.3	-16.2	-16.2	-22.4	-5.4	..	..
Business Sector									
Rig Drilling (level)	207	286	346	141	82	139	196	223	230
% change	68.1	30.4	8.4	14.4	-4.5	-7.3	17.5	30.9	35.7
Goods Export, Customs (basis)	12.6	18.5	5.6	17.0	1.1	-3.4	-0.1	7.5	..
Energy	17.4	19.4	6.9	24.2	1.9	1.3	2.2	9.1	..
Agriculture	14.3	21.4	13.3	16.2	10.3	1.5	10.5	13.8	..
Total Farm Cash Receipts (quarterly)	3.7	16.3	28.3	..	..	..	..	..	..
Manufacturing Shipments, SA	11.3	18.0	9.2	8.5	7.7	8.9	8.6	4.2	..
Wholesale Trade, SA	8.5	15.0	14.5	20.0	17.0	10.6	12.7	10.1	..
Building Permits, SA	1.3	-11.8	13.4	49.5	20.2	13.9	9.3	7.5	..
Residential	22.4	5.2	19.7	3.6	27.0	14.6	1.2	25.9	..
Non-residential	-18.3	20.9	6.0	104.5	13.2	11.6	15.1	-14.9	..
Business Bankruptcies (level)	378	264	150	20	28	22	16	..	..
% change	-6.7	-30.2	1.4	17.6	27.3	37.5	6.7	..	..

YTD (year-to-date) represents the change since the beginning of the year compared to the same period in the previous year. SA: denotes seasonally adjusted.

[1] Unless otherwise indicated, all figures are year-over-year percentage change and not seasonally adjusted.

[2] Quarterly, annual numbers are presented on a census year basis (July 1 – June 30).

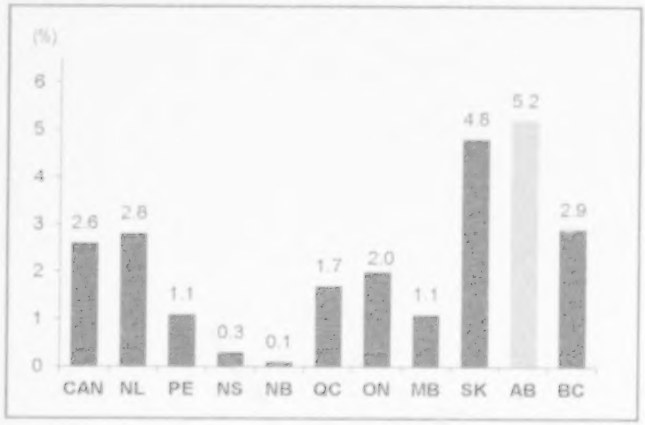
[3] Quarterly, average of Calgary and Edmonton.

[4] Average of Calgary and Edmonton.

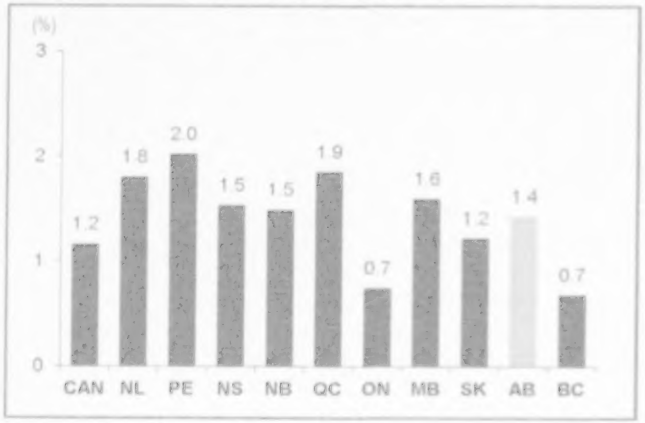
Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada).

Economic Indicators by Province

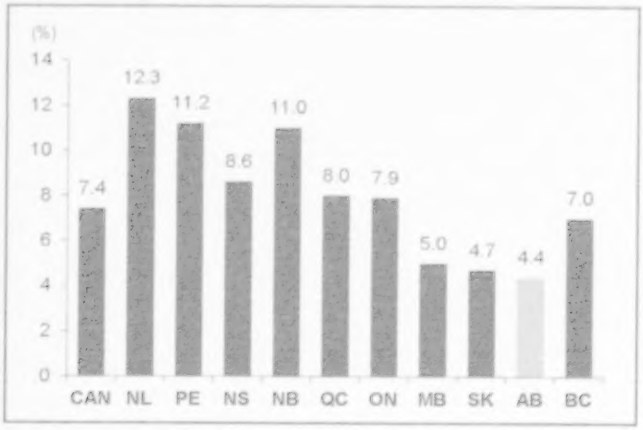
Real GDP Growth by Industry
(2011 preliminary estimates, year-over-year growth)



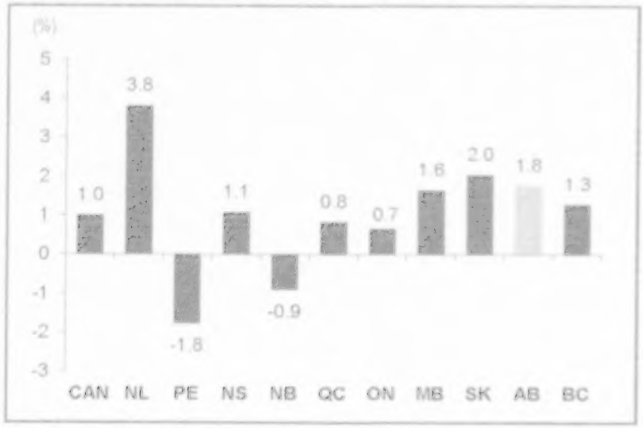
CPI Inflation
(September 2012, year-over-year growth in CPI)



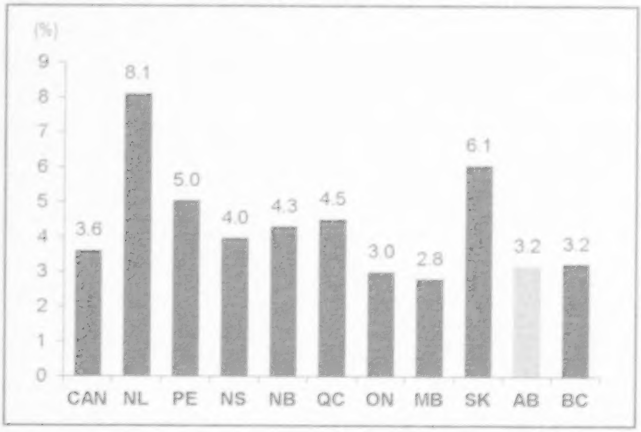
Unemployment Rate
(September 2012)



Employment
(September 2012, year-over-year growth)



Average Weekly Earnings
(August 2012, year-over-year growth)



Housing Starts
(September 2012, SAAR, year-over-year growth)